RPC
An Oil & Gas Services Company



RPC, Inc.

Corporate Overview

April 2024

RES
LISTED
NYSE

Cautionary Statement Relating to Forward-Looking Statements and Non-GAAP Measures

Certain statements and information included in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements that look forward in time or express management's beliefs, expectations or hopes. In particular, such statements include, without limitation: our optimism that if current oil price momentum holds, our customers would steadily increase activity in the second half of 2024; our belief that as large E&P consolidated transactions close and non-core assets are potentially divested, development of this acreage could provide demand tailwinds; our plans to place a new Tier 4 duel-free fleet in service mid-year 2024; and our commitment to making long-term strategic investments in the business and evaluating potential acquisitions to increase our scale, strengthen service lines, and grow our customer relationships. Risk factors that could cause such future events not to occur as expected include the following: the price of oil and natural gas and overall performance of the U.S. economy, both of which can impact capital spending by our customers and demand for our services; business interruptions due to adverse weather conditions; changes in the competitive environment of our industry; and our ability to identify and complete acquisitions. Additional factors that could cause the actual results to differ materially from management's projections, forecasts, estimates, and expectations are contained in RPC's Form 10-K for the year ended December 31, 2023.

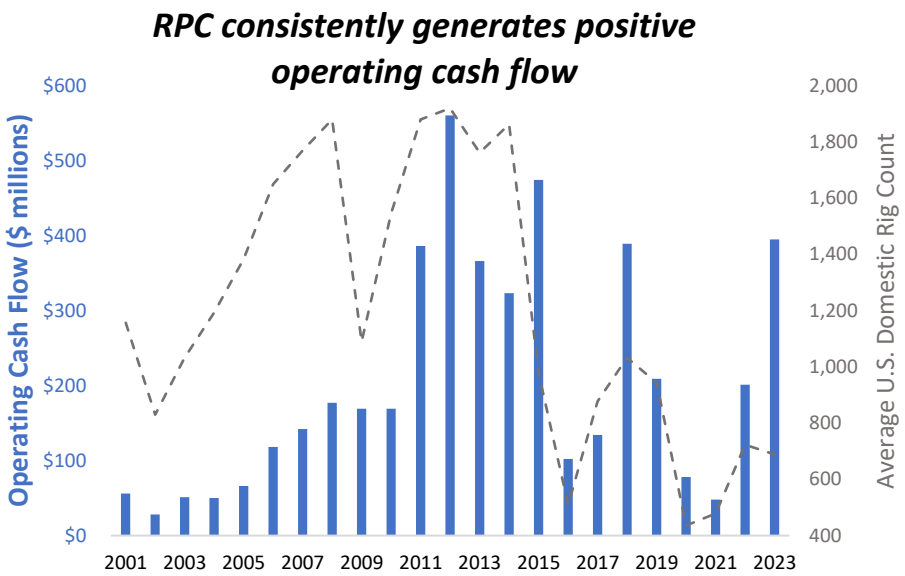
RPC, Inc. has used the non-GAAP financial measures of adjusted operating income, adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, adjusted EBITDA margin, and free cash flow in this presentation. These measures should not be considered in isolation or as a substitute for performance or liquidity measures prepared in accordance with GAAP. Management believes that presenting these non-GAAP measures enables investors to compare our operating performance consistently over various time periods net of unusual or non-recurring charges, and in the case of adjusted EBITDA, without regard to changes in our capital structure. Management believes that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating RPC's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, RPC's definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures, due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations or payments made for business acquisitions. Therefore, management believes it is important to view free cash flow as a measure that provides supplemental information to our Condensed Consolidated Statements of Cash Flows.

A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

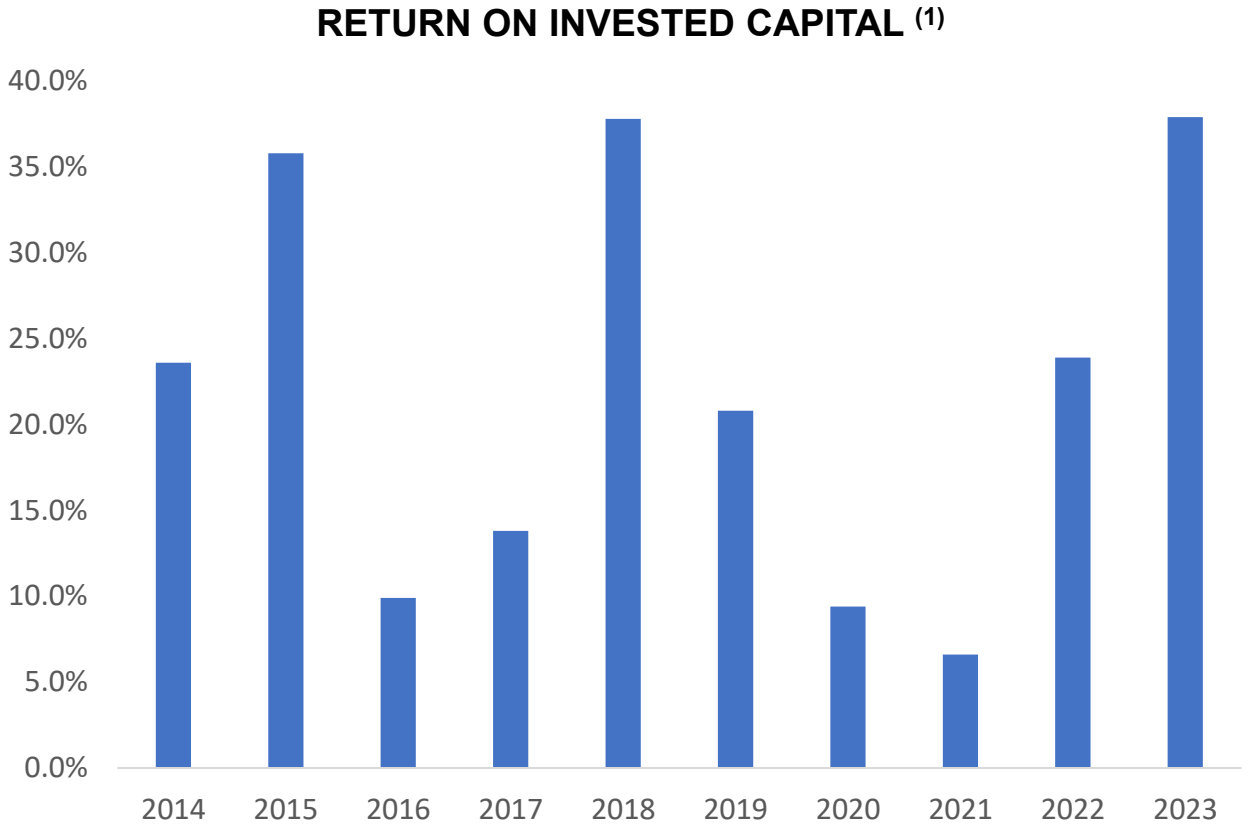
Set forth in the appendices of this presentation are reconciliations of these non-GAAP measures with their most directly comparable GAAP measures. These reconciliations also appear on RPC, Inc.'s investor website, which can be found on the Internet at www.rpc.net

Corporate Overview

- **NYSE: RES**
- **Market Capitalization: ≈ $1.7 billion**
- **Annualized cash dividend: $0.16/share**
- **Conservative capital structure, no debt**
- **A proven ability to manage through multiple oilfield cycles without reliance on outside capital**
- **Focus on return on invested capital as a driver of shareholder value, coupled with shareholder-friendly capital allocation policies**



A Focus on Long-Term Financial Returns



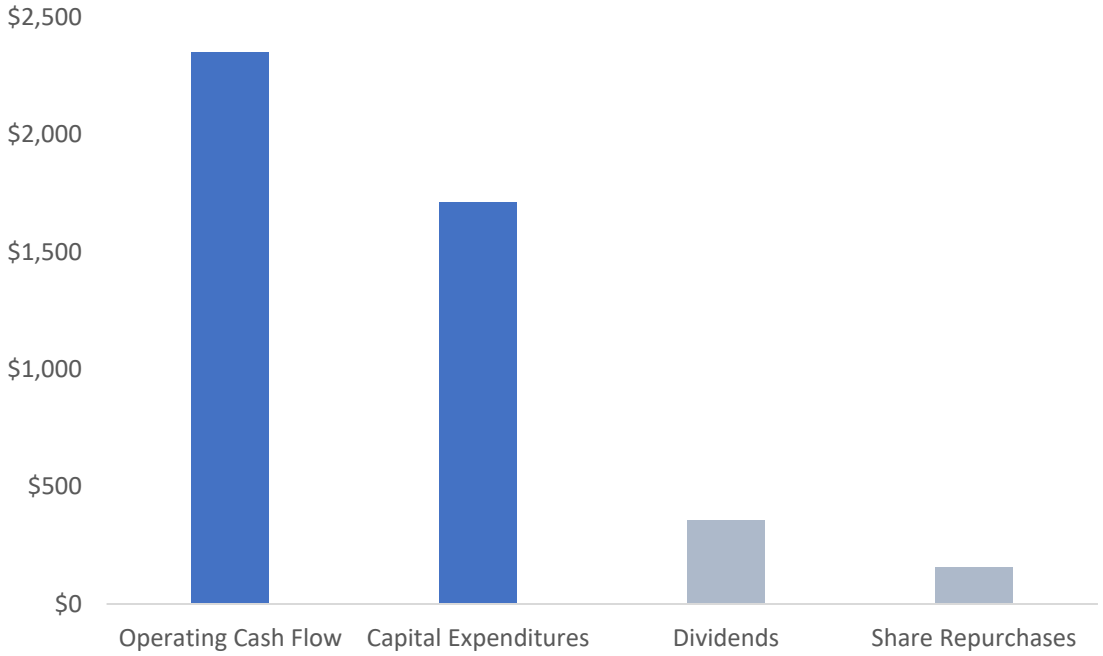
- Strong recovery from COVID-19 driven downturn as a result of stronger domestic activity enhanced by streamlining operations and equipment fleets.
- 21.9% average ROIC over the past 10 years.

(1) Calculated as operating cash flow / average invested capital

Rewarding Our Shareholders

- **Dividends** - RPC has issued $356 million in cash dividends during the past 10 years.
- **Share Repurchases** - RPC has repurchased $157 million in common stock over the past 10 years.

Significant Cash Flow Metrics
2014 - 2023

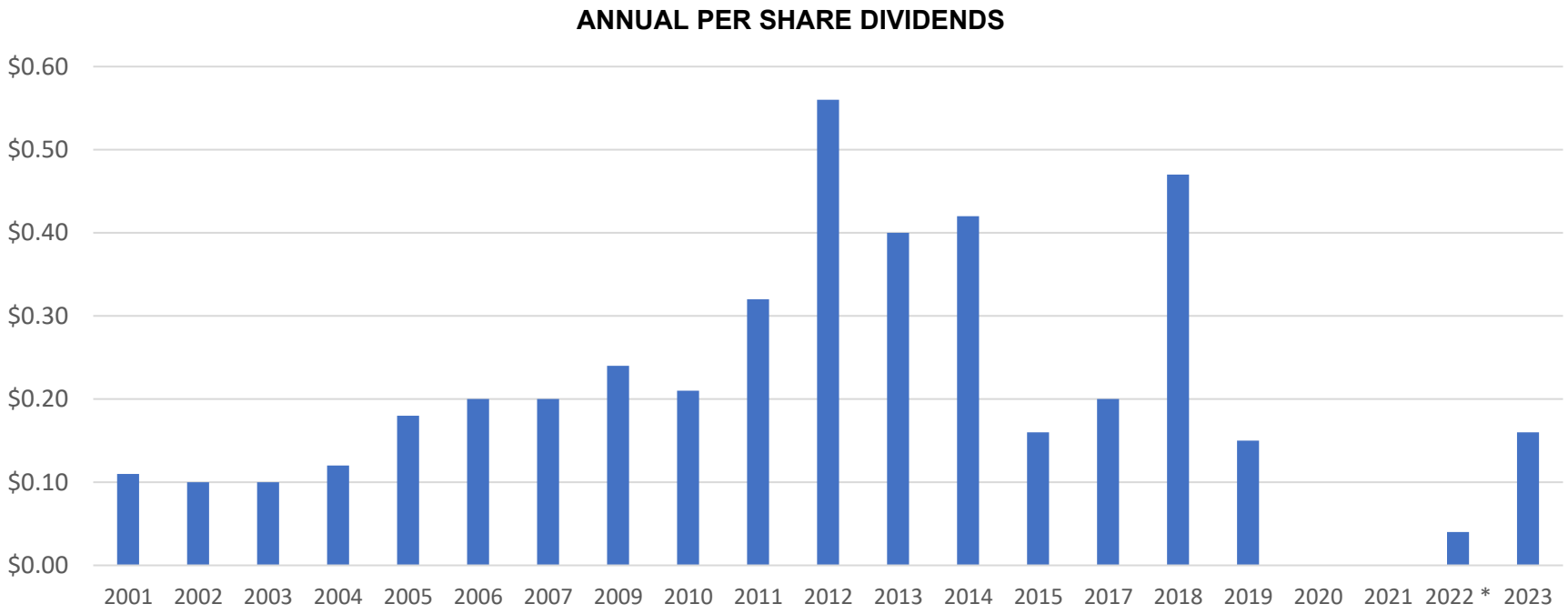


- Free cash flow(1) during the period was $640 million.
- RPC used $513 million of this amount to pay dividends and repurchase stock.

(1) Free cash flow is a non-GAAP measure and is reconciled to operating cash flow in the appendix of this presentation.

Dividend History

- 20+ year track record for dividends (suspended during COVID-19 downturn).
- RPC's dividend history sets it apart from most oilfield services peers.



* Dividend was reinstated Q3 2022

Evolution Throughout the Oilfield Cycles

RPC
An Oil & Gas Services Company

Pre-1973

- Patterson Services founded in Houma, LA in 1945 as a rental tool, mud service, and oilfield trucking company after World War II.
- Rollins, Inc. acquired Patterson in 1973.

PATTERSON SERVICES INC

1970's – 1984

- Cudd Pressure Control founded in Woodward, OK.
- Cudd acquired by Rollins.
- Rollins spun off oilfield services division to form RPC Energy Services, Inc.
- Annual revenues at spin off: $87 million.
- Annual pretax (loss) at spinoff: ($17 million).
- Market capitalization at spin-off: $52 million.

RES LISTED NYSE

1980's – 1990's

- RPC purchased Chaparral Boats in 1986.
- Several small acquisitions in 1990's.
- Dividend initiated in September 1997.
- 2:1 stock split in December 1997.
- Board authorized share repurchases in 1998.

EPI CONSULTANTS

WCS WELL CONTROL SCHOOL

Early 2000's

- RPC entered the pressure pumping service line.
- Thru Tubing Solutions founded.
- Chaparral Boats spun off into newly formed Marine Products Corporation.
- Market capitalization at Chaparral spin off: $298 million.
- Two 3-for-2 splits in 2005; one in 2006.

CUDD ENERGY SERVICES

2006 – 2012

- Market capitalization at 12/31/05: $1.7 billion.
- Board authorized seeking outside capital to expand pressure pumping and other service lines and open new locations.
- Long-term growth plan executed.
- Syndicated credit facility closed in 2006. Re-financed in 2010.
- 3-for-2 splits in 2010 and 2012.
- Special dividend in 2012.

THRU TUBING SOLUTIONS

2012 – 2019

- Undertook pressure pumping expansion plan in 2014 in anticipation of increased demand due to higher service intensity.
- Oilfield downturn began in 2015. Trough in 3Q 2016 at lowest rig count in U.S. history up to that time.
- Maintained conservative capital structure. Paid off remaining balance on credit facility in 2015.
- Additional special dividends in 2016, 2017 and 2018.

2019 – 2020

- An oilfield downturn, increasing service efficiency, and equipment obsolescence forced RPC to scrap equipment, close locations, and recognize an impairment charge of $82 million in Q3 2019. Dividend suspended.
- Oilfield collapse caused by Covid pandemic forced RPC to recognize a second impairment charge of $213 million in Q1 2020.
- Rig count fell to lowest level in U.S. history in Q3 2020.
- Market capitalization at 12/31/20: $685 million.

Present

- Expense reductions and modest activity improvement led to quarterly profits in Q4 21.
- Global unrest beginning in Q1 2022 caused increases in prices of oil and natural gas and a resurgence in U.S. oilfield activity.
- Some equipment upgraded to "ESG-friendly" configurations.
- Quarterly dividend resumed.
- Capital expenditures directed towards replacement of aging fleets rather than fleet expansion.
- Q3 2023 Acquired Spinnaker Cementing for $79.5M.

SPINNAKER

Approach to Managing the Oilfield Cyclicality

- **Conservative Financial Management**
  - Debt-free balance sheet
  - Cautious approach to new geographic markets
  - Working capital management and cost control focus
  - Consistent application of capital discipline
- **Return on Invested Capital as a Management Tool**
  - Key consideration for management bonuses
  - Provides an incentive to manage the balance sheet and cash flows
  - Encourages long-term focus

Results:

- **Continued viability throughout multiple oilfield cycles**
- **Prudent capital allocation**
  - Growth capital expenditures
  - Acquisitions
  - Dividends
  - Share repurchases
- **Peer-Leading**
  - Financial resiliency / strong balance sheet
  - Long-term return on invested capital
  - Public company valuation

Current Focus

U.S. Oil and Gas Industry and Investor's Current Focus

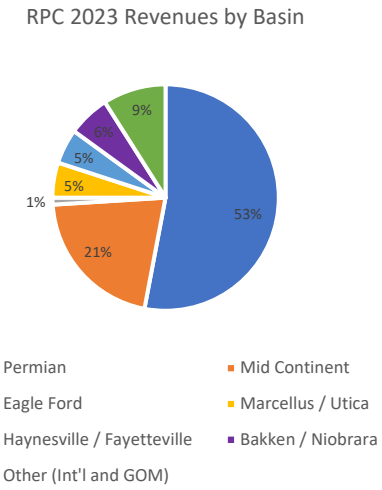
- In recent years, E&P's (which have been consolidating) and oilfield service companies have become more focused on generating free cash flow and executing their capital allocation strategies, including returning excess cash to shareholders.
- Investors expecting lower volatility, disciplined capital management, and increased emphasis on energy security.

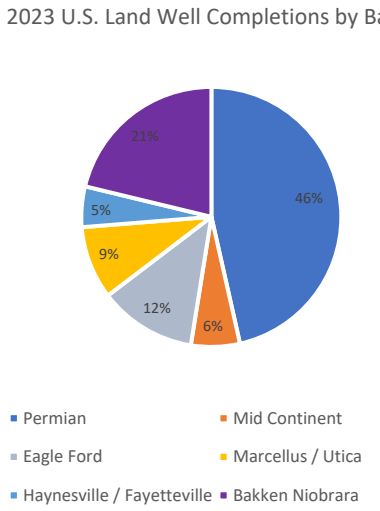
RPC's Current Strategic Focus

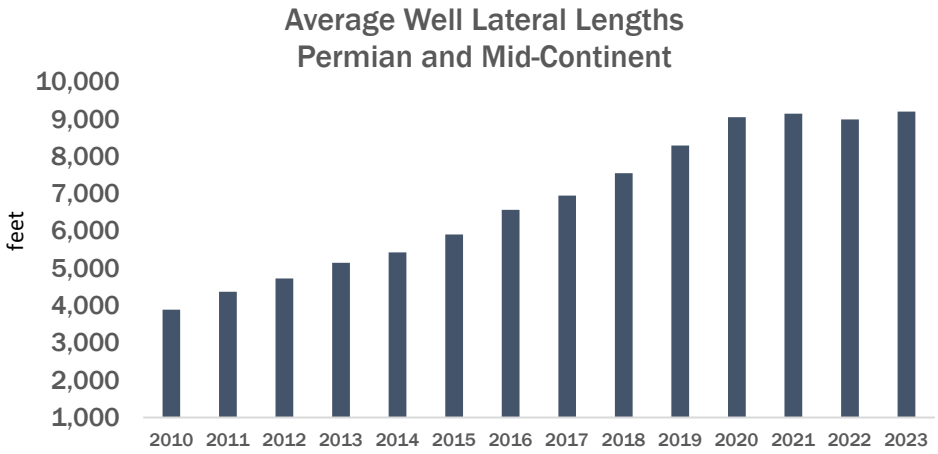
- Focus on pressure pumping fleet roadmap summarizing our plans for upgrading our equipment
- Strategic acquisitions and capital investments
- Digital transformation projects to achieve cost savings and operating equipment performance improvements
    - Administrative process improvements
    - Improved job-specific profitability insight and analytics
    - Customer relationships strengthened by data sharing showcasing the quality of our operational execution and predictive equipment maintenance to save costs and improve efficiencies
- Working capital management

Positions in the North American Basins

- > 85% of RPC revenues are directed towards ***unconventional completions.***
- RPC's market presence reflects well completion volume, with slightly outsized presences in the Permian Basin and mid Continent.

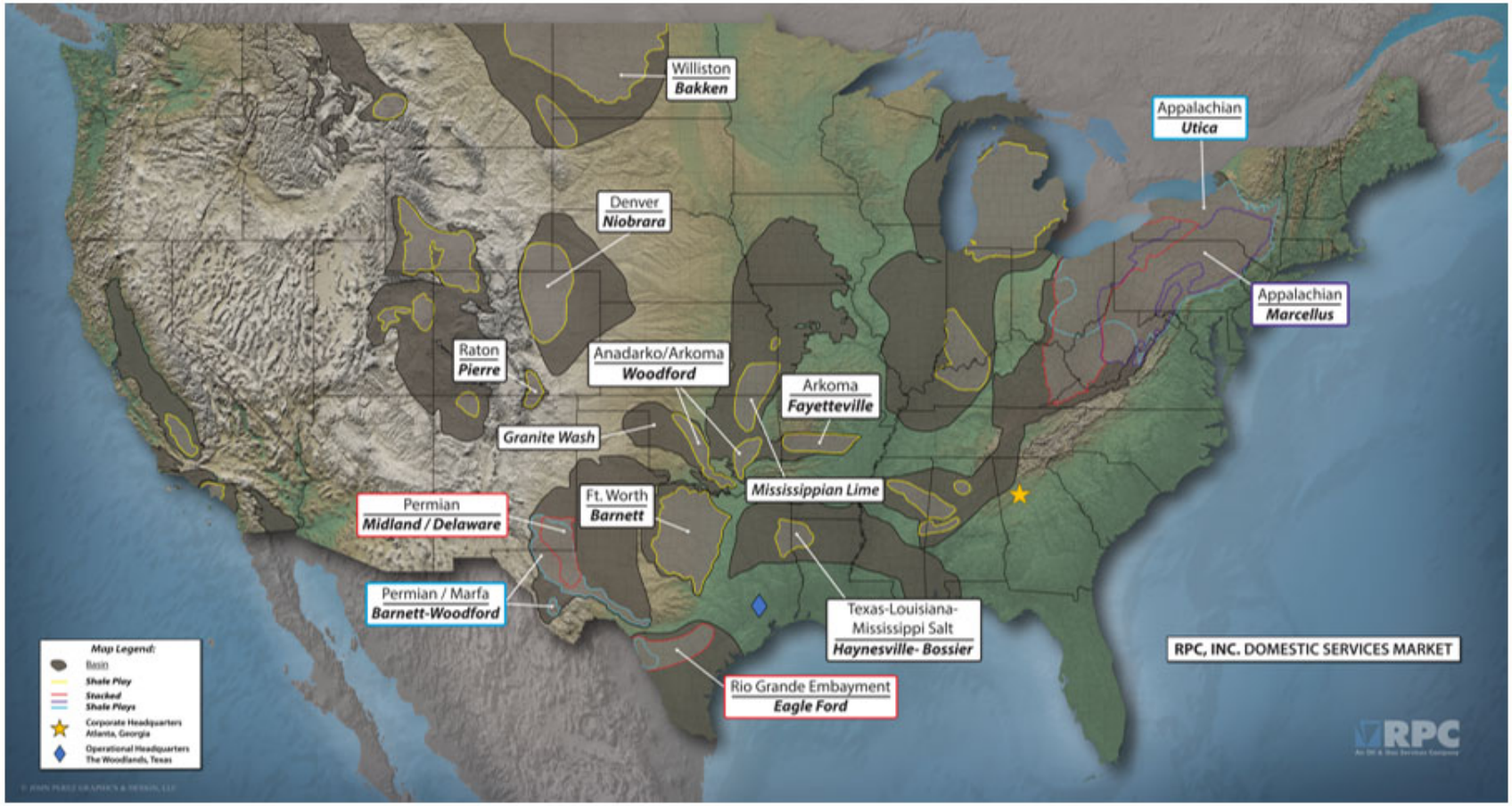






- The trends toward longer lateral lengths and accompanying increases in stages has increased the demand for RPC's services during times of high activity.

Positions in the North American Basins



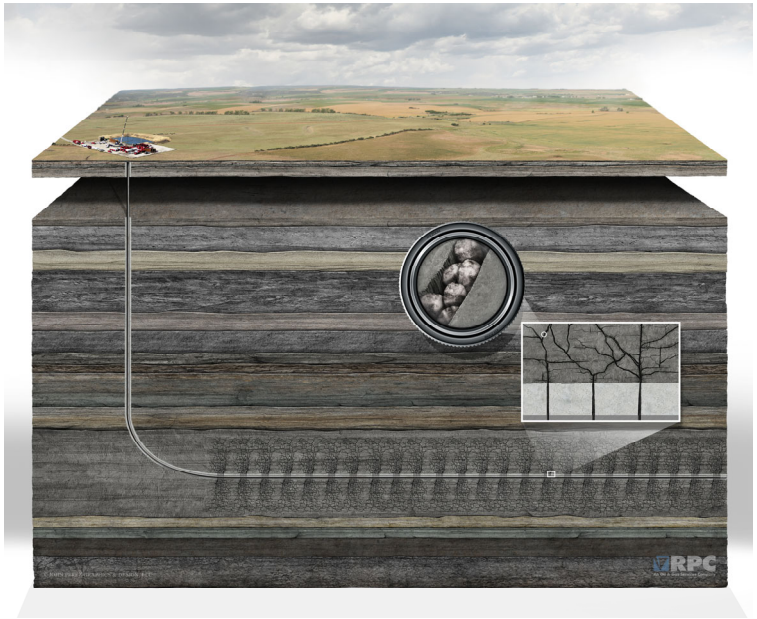
RPC generates the majority of its revenues in hydrocarbon-producing locations in the United States. The largest of these is the Permian Basin, which is located in west Texas and eastern New Mexico. In addition, RPC operates out of locations in the Gulf Coast, the mid-Continent, the Rocky Mountains and the Northeast.

Focus in the Upstream Sector

The majority of RPC's approximately 14 business lines provide services to customers at the ***completion*** stage of a well. One of our services rents equipment to be used primarily during drilling, and several others assist customers at the well site to initiate or enhance a well's production, intervene during blowouts, or abandon the well at the end of its life.

What is ***well completion***?

- Installation and cementing of production casing into a drilled well.
- Preparation of the cased well to begin producing hydrocarbons.
  - Perforation of the well casing to allow hydrocarbons to flow into the well.
  - Stimulation of one or more zones using hydraulic fracturing and acid to expose surface area of hydrocarbon-producing zones.
  - Drilling out bridge plugs used to isolate fracturing zones during stimulation.

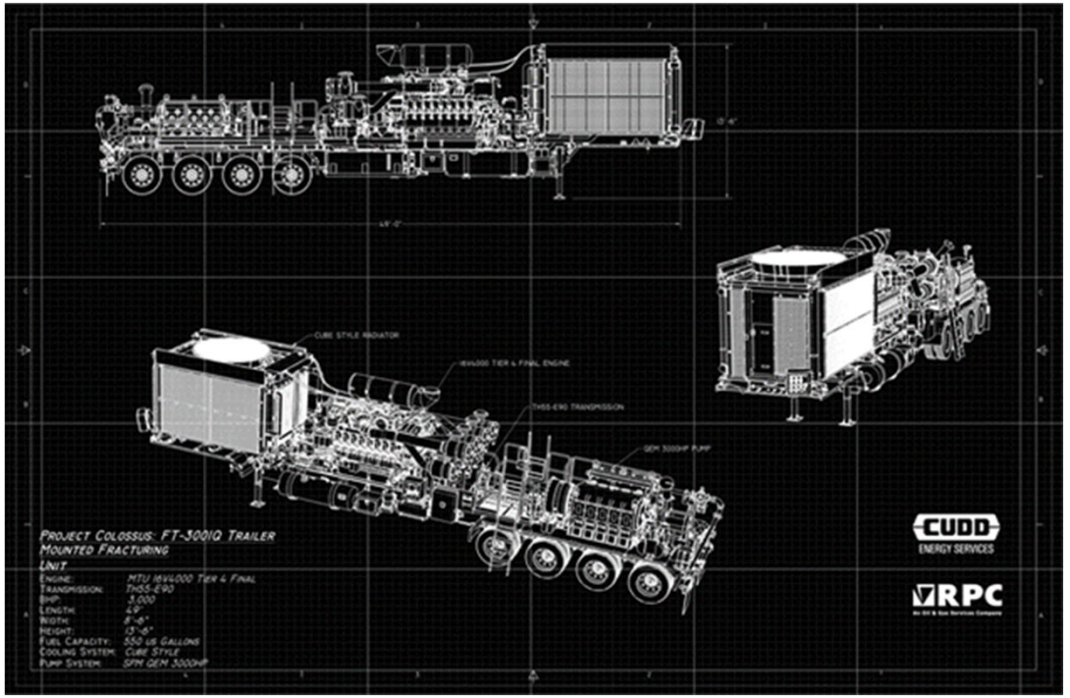


Pictured at right:
A multi-stage unconventional completion operation. This well bore has many perforations to expose it to a horizontal production zone. RPC's cementing, hydraulic fracturing, coiled tubing, snubbing and downhole tools and motors could be used to conduct this completion operation.

Pressure Pumping

- Ten (10) horizontal fleets and Two (2) vertical fleets
- Permian Basin, Mid-Continent market presence
- Refurbishing selected legacy fleets with ESG-friendly upgrades
- New replacement Tier 4 DGB fleet delivered in 2023, another planned for 2024
- 48% of consolidated 2023 revenues

Diagrams of RPC's largest capacity Tier IV pressure pumping equipment.



Downhole Tools

- ThruTubing Solutions (TTS) provides services and tools used in unconventional completion operations
- Specialization in efficiently executing key services required in multi-stage completions in unconventional wells
- Proprietary tools and technology
- Strong market share
- 25% of consolidated 2023 revenues

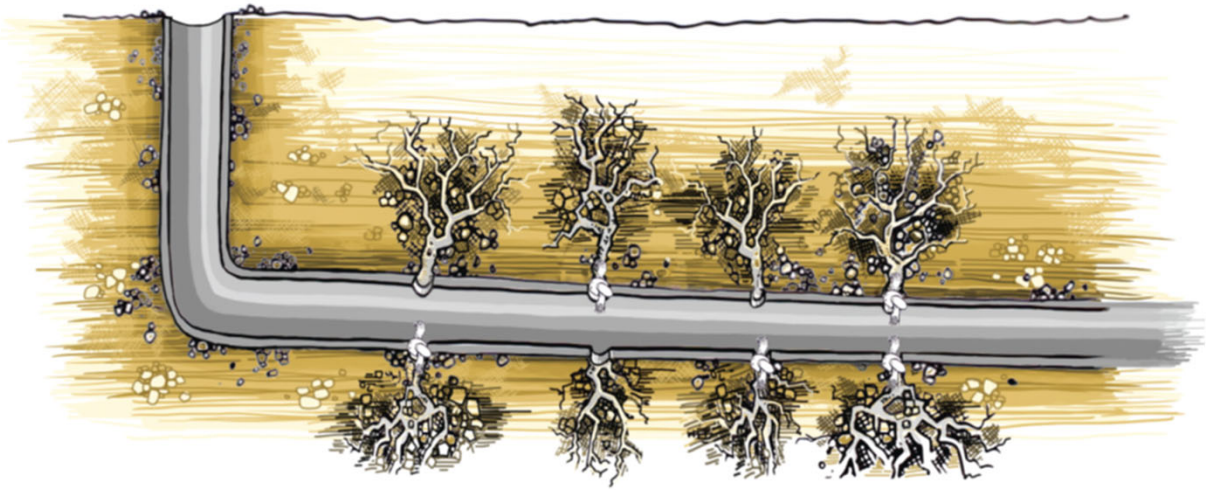


Diagram illustrating TTS' SlickFrac™ diverter pods enhancing frac efficiency.

Coiled Tubing

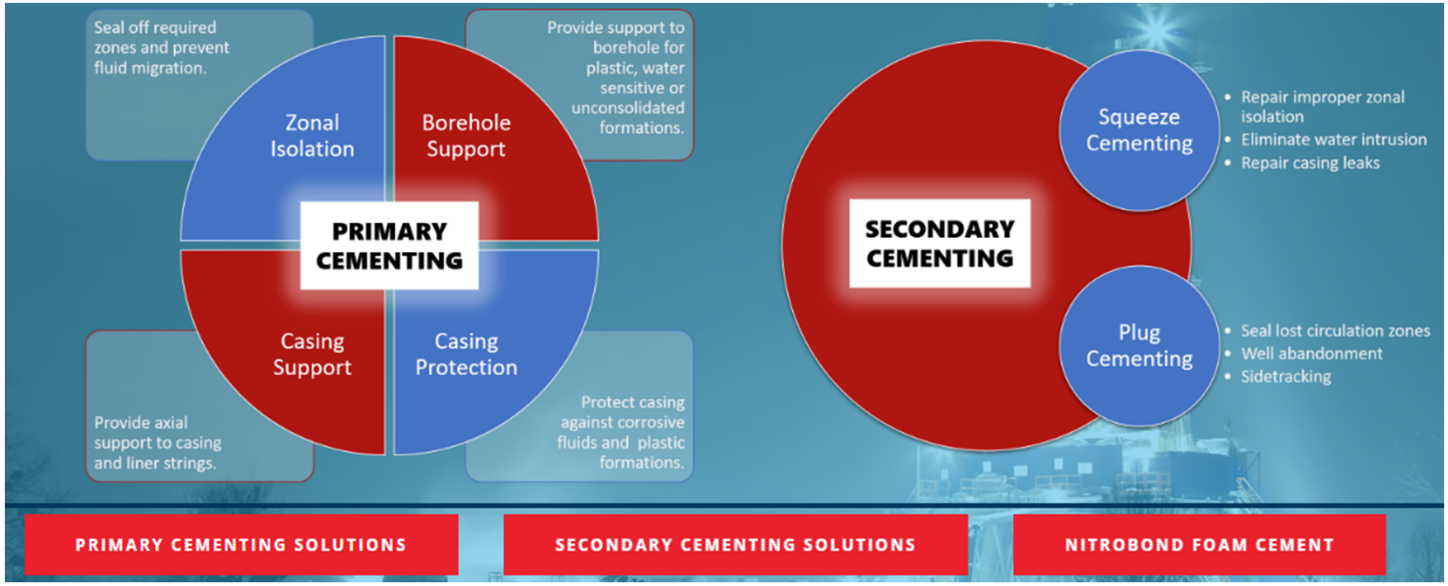


One of RPC's largest coiled tubing units going to the field for the first time.

- 19 units of 2 3/8" or greater in diameter for completion applications. Meaningful market share in this category
- 12 smaller units for workover and special projects
- 9% of consolidated 2023 revenues

Cementing

- Completed acquisition of Spinnaker Oilwell Services, Inc. for $79.5 million, effective July 1, 2023
- Expanded our cementing services footprint from South Texas to the Mid-Continent and Permian Basins
- Integration is complete and is now our 4th largest service line
- Cementing represented 7% of Q1:2024 revenues



Other Service Lines

- **Rental Tools**

  5% of 2023 revenues

- **Snubbing / Hydraulic Workover**

  2% of 2023 revenues. Legacy workover applications as well as increasing use in long-lateral multi-stage completions

- **Nitrogen**

  3% of 2023 revenues. Used in a variety of oilfield applications

- **Well Control**

  <1% of 2023 revenues. Worldwide provider of blowout and other well control services



First Quarter 2024 Financial Summary

First Quarter 2024 Highlights

- Revenues decreased 4% sequentially to $377.8 million
- Net income was $27.5 million, down 32% sequentially, and diluted earnings per share (EPS) was $0.13; net income margin decreased 290 basis points sequentially to 7.3%
- Adjusted EBITDA was $63.1 million, down 21% sequentially; Adjusted EBITDA margin decreased 340 basis points sequentially to 16.7%
- Results reflected soft industry demand across the Company's service lines and highly competitive market dynamics
- The Company remained debt-free, paid $8.6 million in dividends and repurchased $9.9 million of common stock in 1Q:24

Management Commentary

"Our results reflected a modestly weaker oilfield services activity environment with continued competitive pressures," stated Ben M. Palmer, RPC's President and Chief Executive Officer. "Our first quarter pressure pumping activity and utilization were below the fourth quarter. Pumping industry capacity remains high, particularly in the Permian, with bidding results and pricing conversations indicating a highly competitive market. We are optimistic that if current oil price momentum holds, our customers would steadily increase activity in the second half of 2024. Looking further out, as large E&P consolidation transactions close and non-core assets are potentially divested, development of this acreage could provide demand tailwinds."

"Our financial position remained strong, with $212 million in cash and a debt-free balance sheet at the end of the first quarter. Our plans to place a new Tier 4 dual-fuel fleet in service mid-year 2024 remain on track, and we are committed to ongoing upgrades to meet customer demand for high-quality equipment. We are also committed to continue long-term strategic investments in the business and evaluating potential acquisitions to increase our scale, strengthen service lines, and grow our customer relationships. At the same time, we are steadily returning capital to our stockholders through dividends and opportunistic share buybacks," concluded Palmer.

(1) Adjusted EBITDA, adjusted EBITDA margin, and free cash flow are non-GAAP measures and are reconciled to GAAP measures in the appendix of this presentation.

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NON-GAAP MEASURES

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Set forth in the following pages are reconciliations of these non-GAAP measures with their most directly comparable GAAP measures. These reconciliations also appear on RPC, Inc.'s investor website, which can be found on the Internet at www.rpc.net.

2024 First Quarter Financial Results

	Three Months Ended		
	March 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)	March 31, 2023 (Unaudited)
REVENUES	**$ 377,833**	$ 394,531	$ 476,668
COSTS AND EXPENSES:			
Cost of revenues (exclusive of depreciation and amortization shown separately below)	**276,609**	279,399	305,250
Selling, general and administrative expenses	**40,085**	38,127	42,197
Pension settlement charges	**—**	—	17,375
Depreciation and amortization	**30,004**	29,407	24,125
Gain on disposition of assets, net	**(1,214)**	(1,615)	(2,936)
Operating income	**32,349**	49,213	90,657
Interest expense	**(234)**	(95)	(72)
Interest income	**2,965**	2,596	1,855
Other income, net	**767**	839	761
Income before income taxes	**35,847**	52,553	93,201
Income tax provision	**8,380**	12,294	21,677
NET INCOME	**$ 27,467**	$ 40,259	$ 71,524
EARNINGS PER SHARE			
Basic	**$ 0.13**	$ 0.19	$ 0.33
Diluted	**$ 0.13**	$ 0.19	$ 0.33
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	**215,001**	216,006	217,152
Diluted	**215,001**	216,006	217,152

NON-GAAP RECONCILIATION

Appendix A

(Unaudited)	Three Months Ended		
(In thousands)	**March 31, 2024**	December 31, 2023	March 31, 2023
Reconciliation of Operating Income to Adjusted Operating Income			
Operating income	**$ 32,349**	$ 49,213	$ 90,657
Add: Pension settlement charges	**—**	—	17,375
Adjusted operating income	**$ 32,349**	$ 49,213	$ 108,032

Appendix B

(Unaudited)	Three Months Ended		
(In thousands)	**March 31, 2024**	December 31, 2023	March 31, 2023
Reconciliation of Net Income to Adjusted Net Income			
Net income	**$ 27,467**	$ 40,259	$ 71,524
Adjustments:			
Add: Pension settlement charges, before taxes	**—**	—	17,375
Less: Tax effect of pension settlement charges	**—**	—	(4,048)
Total adjustments, net of tax	**—**	—	13,327
Adjusted net income	**$ 27,467**	$ 40,259	$ 84,851

(Unaudited)	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share			
Diluted earnings per share	**$ 0.13**	$ 0.19	$ 0.33
Adjustments:			
Add: Pension settlement charges, net of tax	**$ —**	$ —	$ 0.08
Less: Tax effect of pension settlement charges	**—**	—	(0.02)
Adjusted diluted earnings per share	**$ 0.13**	$ 0.19	$ 0.39
Weighted average shares outstanding *(in thousands)*	**215,001**	216,006	217,152

NON-GAAP RECONCILIATION

Appendix C

(Unaudited)	Three Months Ended		
(In thousands)	**March 31, 2024**	December 31, 2023	March 31, 2023
Reconciliation of Net Income to EBITDA and Adjusted EBITDA			
Net income	**$ 27,467**	$ 40,259	$ 71,524
Adjustments:			
Add: Income tax provision	**8,380**	12,294	21,677
Add: Interest expense	**234**	95	72
Add: Depreciation and amortization	**30,004**	29,407	24,125
Less: Interest income	**2,965**	2,596	1,855
EBITDA	**$ 63,120**	$ 79,459	$ 115,543
Add: Pension settlement charges	**—**	—	17,375
Adjusted EBITDA	**$ 63,120**	$ 79,459	$ 132,918
Net income margin	**7.3%**	10.2%	15.0%
Adjusted EBITDA margin	**16.7%**	20.1%	27.9%

Appendix D

(Unaudited)	Three months ended	
(In thousands)	**March 31, 2024**	March 31, 2023
Reconciliation of Operating Cash Flow to Free Cash Flow		
Net cash provided by operating activities	**$ 56,559**	$ 132,523
Capital expenditures	**(52,778)**	(65,300)
Free cash flow	**$ 3,781**	$ 67,223